

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 DOEE-00 SSO-00 AF-10 ARA-10 EA-10 EUR-12
NEA-10 IO-13 /166 W
-----048336 171914Z /42

P 171820Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8487
INFO AMEMBASSY VIENNA

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 05772

USMTN

ACTION STR PASS ELECTRONICALLY FOR SCHMITZ STR PASS CODEL

EO 11652: N/A
TAGS: ETRD, GATT MTN
SUBJECT: MTN: US/AUSTRIAN BILATERAL -- TARIFFS, SAFE-
GUARDS, AGRICULTURE

REF: GENEVA 5690

1. SUMMARY: US DEL MET AUSTRIAN MTN DEL (SEGALLA) AND
WILLENPART OF AUSTRIAN TRADE MINISTRY FOR DISCUSSION OF
ALL MTN TOPICS (SEE REFTEL FOR NTM DISCUSSIONS).
AUSTRIANS INDICATED THEIR TARIFF OFFER LIKELY TO BE READY
BY END OF APRIL AND THEIR NTM OFFER WILL BE DISTRIBUTED
WITHIN SEVERAL DAYS. WILLENPART EXPRESSED SOME SATISFAC-
TION WITH US TARIFF OFFER, BUT INDICATED SERIOUS RECIPRO-
CITY PROBLEMS FOR AUSTRIA BECAUSE OF ITS SMALL PERCENTAGE
OF MFN EXPORTS AND INABILITY TO OBTAIN RECIPROCAL CON-
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CESSIONS FROM EASTERN EUROPEAN COUNTRIES. WILLENPART
STRESSED AUSTRIAN POSITION FAVORING SELECTIVITY IN SAFE-
GUARD ACTIONS. HE ALSO INDICATED THAT ANY AUSTRIAN
AGRICULTURAL CONCESSIONS WILL CLOSELY FOLLOW THOSE MADE
BY EC. END SUMMARY

2. US DEL (MOORE, SHELLEY, ST. MAXENS) MET WITH AUSTRIAN

TRADE MINISTRY GATT AFFAIRS DIRECTOR DR. RUDOLF WILLENPART TO DISCUSS WIDE RANGE OF MTN ISSUES. ON TARIFFS US DEL REITERATED US GOAL OF ACHIEVING TARIFF LIBERALIZATION AT LEAST EQUAL TO THAT OF KENNEDY ROUND. INITIAL US OFFER GOES CONSIDERABLY BEYOND WORKING HYPOTHESIS, INCORPORATING WEIGHTED AVERAGE CUTS OF APPROXIMATELY 44 PERCENT BOTH OVERALL AND FOR AUSTRIA IN PARTICULAR. AUSTRIAN DEL CLAIMED THAT US OFFER, WHILE NOT EXCITING, WAS A GOOD EFFORT. AUSTRIANS EXPRESSED INTEREST IN OBTAINING TABLE LISTING ITEMS WHERE AUSTRIA IS FIRST OR SECOND SUPPLIER AND ASKED WHETHER US WOULD CONSIDER GIVING BINDINGS FOR ARTICLE XXVIII PURPOSES ON ITEMS WHERE AUSTRIA IS NOT FIRST OR SECOND SUPPLIER. US DEL REPLIED THAT AUSTRIA'S INTEREST IN OBTAINING NEGOTIATING RIGHTS WOULD BE COMMUNICATED TO WASHINGTON, AND THAT, WHILE ISSUE HAS BEEN DISCUSSED INTERNALLY, NO US POSITION HAS BEEN FORMULATED YET. AUSTRIAN DEL EXPRESSED CONCERN THAT 22 PERCENT OF 1976 AUSTRIAN EXPORTS TO US WAS NOT SUBJECT TO FORMULA OR GREATER-THAN-FORMULA OFFERS AND THAT OF THE GREATER-THAN-FORMULA CUTS, ONLY FIVE PERCENT OF AUSTRIAN EXPORTS APPLIED TO ITEMS WITH CURRENT AVE'S OF 10 PERCENT OR GREATER.

3. AUSTRIAN DEL STATED THAT HOPEFULLY BY END OF APRIL US WOULD BE RECEIVING DETAILED, UNADJUSTED AUSTRIAN OFFER WHICH WILL UTILIZE SWISS FORMULA WITH COEFFICIENT OF 16. LIMITED OFFICIAL USE

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THE WEIGHTED AVERAGE DUTY REDUCTION, ACCORDING TO THIS FORMULA, WOULD BE 57 PERCENT. ADJUSTMENTS WILL BE MADE THROUGH A SUBSEQUENT LIST, WHICH WILL IMPOSE A 60 PERCENT DEPTH-OF-CUT CEILING AND DELINEATE EXCEPTIONS WHICH ARE TO BE TAKEN FOR BOTH ECONOMIC AND RECIPROCITY REASONS. REGARDING RECIPROCITY, AUSTRIAN DEL REFERRED TO AUSTRIA'S DETERIORATING BALANCE OF TRADE, BOTH IN GENERAL AND WITH US, WITH THE LATTER ATTRIBUTED PRIMARILY TO EXCHANGE RATE PROBLEMS. AUSTRIAN DEL STATED THAT, ALTHOUGH AUSTRIA WOULD MAKE NO ATTEMPT TO CREATE A FORMAL LINK BETWEEN EVOLVING MONETARY ISSUES AND THE MTN, THE CONNECTION MUST BE KEPT IN MIND, AND IT WONDERED WHETHER BIG 3 HAD DEVELOPED AN APPROACH TO HANDLING THE PSYCHOLOGICAL/ POLITICAL PROBLEMS INVOLVED. AUSTRIAN DEL ALSO NOTED THAT ITS OFFER WOULD NOT APPLY TO INDUSTRIAL IMPORTS FROM EEC AND EFTA COUNTRIES WITH A TRADE RESIDUAL OF 23 PERCENT OF IMPORTS THAT WOULD BE AFFECTED. HOWEVER, ONLY FIVE PERCENT OF AUSTRIAN EXPORTS ARE TO COUNTRIES OTHER THAN THE EEC, EFTA, AND EASTERN EUROPE (EXCEPT YUGOSLAVIA), WHERE SOME TYPE OF RECIPROCAL LIBERALIZATION COULD BE EXPECTED. ACCORDINGLY, AUSTRIAN DEL NOTED THAT FULL RECIPROCITY IS IMPOSSIBLE, BUT THAT AUSTRIA IS PREPARED

TO PAY ITS SHARE WHILE TRYING TO MINIMIZE DISADVANTAGES.
US DEL NOTED THAT WHILE US HOPES TO MAINTAIN ITS OFFER,
THE LACK OF SOME COUNTRIES' COMMITMENTS TO EXTENSIVE
TRADE LIBERALIZATION WOULD HAVE TO BE CONSIDERED.

4. SAFEGUARDS -- AUSTRIAN DEL ASKED FOR UPDATE ON PRO-
GRESS IN THIS AREA AND REGISTERED KEEN INTEREST IN
SELECTIVITY MOTIVATED IN PART BY DESIRE TO ESCAPE FUTURE
SAFEGUARD ACTIONS BY LARGER DC'S. AUSTRIANS ALSO UNDER-
SCORED THEIR NEED TO PRESERVE BILATERAL SAFEGUARD CLAUSES
WITH EASTERN EUROPEAN COUNTRIES. US DEL STATED THAT US
HAD NO INTENTION OF SUPPLANTING SAFEGUARD PROVISIONS
APPLICABLE TO COMMUNIST COUNTRIES AND POINTED TO DIFFEREN-
TIAL PROVISIONS IN US LEGISLATION. US DEL PROVIDED BRIEF
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COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
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DOE-15 DOEE-00 SSO-00 AF-10 ARA-10 EA-10 EUR-12
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FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8488
INFO AMEMBASSY VIENNA

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 05772

USMTN

ACTION STR

PASS ELECTRONICALLY FOR SCHMITZ STR PASS CODEL

REVIEW OF PROGRESS IN INFORMAL DISCUSSIONS NOTING THAT WHILE EXPLORATION OF SELECTIVITY WAS STILL IN FORMATIVE STAGE, ALL MAJOR PARTIES WERE AT LEAST NOW READY TO TALK.

5. AGRICULTURE -- WILLENPART INDICATED THAT EVEN THOUGH EC/EFTA RELATIONSHIP DOES NOT EXTEND TO AGRICULTURAL PRODUCTS, AUSTRIA WOULD BE UNLIKELY TO GRANT ANY MORE CONCESSIONS THAN DOES EC. HE DOUBTED THAT ANY CONCLUSIONS TO AGRICULTURAL NEGOTIATIONS COULD BE REACHED BY JULY-- ESPECIALLY WITHOUT ANY WHEAT AGREEMENT. US DEL RESPONDED THAT NEGOTIATIONS WERE UNDER WAY WITH PARTICIPANTS UNDER REQUEST/OFFER PROCEDURES, AND US AND EC WERE CONFERRING ALMOST CONTINUOUSLY TO SEEK SOLUTION TO DIFFERENCES ON GRAINS, SUBSIDIES AND OTHER AGRICULTURAL ISSUES.
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6. DRAFTED BY ST.MAXENS/MOORE. CULBERT

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Message Attributes

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